



**Congressman Jim Jordan (R-OH), RSC Chairman**  
**Congressman Connie Mack (R-FL), RSC Repeal Task Force Chairman**

## **Repeal the Eminent Domain Tax**

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**Background:** Eminent domain is the power a government inherently possesses over all property within its domain, which it uses on occasion to seize private property without the owners' consent. The Fifth Amendment of the Constitution requires that when such a seizure occurs, the government must give compensation for the seizure. At the moment, the compensation given for a seizure under eminent domain is considered a capital gain for the purpose of federal taxes, and is thus taxed once received.

Rep. Phil Gingrey (R-GA) has introduced H.R. 2327, the Eminent Domain Tax Relief Act, to address this problem.

- **What This Bill Will Do:** This bill will prohibit compensation received for an eminent domain seizure from being included in gross income for the purposes of federal taxes. This will prevent individuals who are subjected to eminent domain from being forced to pay capital gains tax on the compensation received from property they did not want to sell.
- **Why This Is Necessary:** As the law currently stands, the government can seize your house against your will, and then (to add insult to injury) tax the transaction. The government is required constitutionally to provide 'just compensation' for the taking of private property for public use. The practice of providing compensation, and then taking some of the compensation back in taxes, is a back-door method of avoiding the purpose of the clause while unfairly punishing the already-aggrieved taxpayer. Taxing compensation for an eminent domain seizure amounts to a clear and unacceptable theft of private property.
- **Government Gone Wild:** Many consider the capital gains tax to be an already unfair tax, but this particular usage of the tax undermines the entire attempt to compensate Americans for their taken property. The government has no right to take back what is considered, by its own definition, just compensation for seized private property.

**Conclusion:** American taxpayers should not be taxed by the government for their unwilling involvement in a seizure of property. It is wrong for the government to renege on its duty of paying back a citizen in full for the seized land.

**MEMBER ACTION ITEM:** All RSC Members are encouraged to support H.R. 2327, the Eminent Domain Tax Relief Act. For more information or to cosponsor please contact Michael Calvo at [Michael.Calvo@mail.house.gov](mailto:Michael.Calvo@mail.house.gov).

If you would like to participate in the RSC Repeal Task Force, please email [Rick.Eberstadt@mail.house.gov](mailto:Rick.Eberstadt@mail.house.gov).

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